VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Item 14

TO: Board of Directors

FROM: Chad Curran, Director of Power Services
Mitch Sears, Chief Executive Officer

SUBJECT: Gibson Project Purchase - Due Diligence and Negotiation

DATE: September 10, 2026

RECOMMENDATION
Authorize staff to proceed with discussions and due diligence regarding a potential acquisition of the Gibson Solar and Battery Storage Project and to negotiate appropriate purchase rights with Emeren US, LLC, subject to returning to the Board for final approval of any transaction.

SUMMARY
At the April 9, 2026, meeting, the Board approved[1] the Second Amended and Restated Power Purchase Agreement for the Gibson project, including a right of first offer (ROFO) to purchase the facility during the delivery term, if Emeren seeks to sell the project.

Emeren has recently informed VCE that prospective purchasers evaluated the opportunity to purchase the project but ultimately did not move forward. Emeren subsequently approached VCE regarding a potential acquisition opportunity consistent with the purchase rights negotiated under the existing agreement.

The opportunity to evaluate ownership of the Gibson project aligns with VCE's long-term strategic objectives and may provide additional value and flexibility for VCE and its customers. Potential benefits include access to available federal incentives, avoidance of redevelopment risks, and the potential for schedule and cost savings compared to replacement resource alternatives.

ANALYSIS
The Gibson project is a strategically important local renewable energy and battery storage project that supports VCE's goals related to local energy development, reliability, and community resilience. The project has completed major permitting, interconnection, and development milestones, and remains an important component of VCE's long-term resource strategy. The Gibson project is forecast to provide approximately 8% of VCE’s project load, so it provides a material contribution toward meeting VCE’s strategic plan goals for providing its customers with renewable and carbon-free energy.

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[1] https://valleycleanenergy.org/wp-content/uploads/Item-14-Amended-Restated-Renewable-Gibson-PPA-4-9-26.pdf

However, delays in securing financing put the development timeline and the commercial viability of the project at risk. Given the project's importance to VCE’s portfolio and VCE's existing contractual rights, Staff believe it is prudent to further evaluate a potential ownership opportunity. Staff propose to work with Emeren to secure the right of first refusal or similar priority purchase right while Emeren continues to market the project to other prospective buyers. During this period, staff would conduct financial, legal, technical, and operational due diligence to determine whether project ownership would be in VCE's and its customers' best interests.

The recommended evaluation would identify and assess financial and operational benefits and risks to inform VCE decisions related to ownership of the project. Ownership of the project may provide long-term value to VCE, particularly if federal tax incentives available through the Inflation Reduction Act (IRA) direct pay provisions can be successfully realized. Even if such incentives are not ultimately available, acquiring an advanced-stage project may offer schedule and cost advantages when compared to developing or contracting for replacement project with similar local renewable energy and storage attributes.

CONCLUSION

Staff recommend authorization to proceed with due diligence and negotiations regarding a potential acquisition of the Gibson project and to return to the Board with findings and any proposed transaction terms for consideration and approval.